

Washington State Auditor's Office

Audit Report

Pacific Conservation District Pacific County

Audit Period
January 1, 1998 through December 31, 2000

Report No. 62824

Issue Date
December 7, 2001



Washington _____
State Auditor

Brian Sonntag

Audit Summary

**Pacific Conservation District
Pacific County
January 1, 1998 through December 31, 2000**

ABOUT THE AUDIT

This report contains the results of our independent audit of the Pacific Conservation District for the period January 1, 1998, through December 31, 2000.

Audit procedures were performed to determine whether the District complied with state laws and regulations and its own policies and procedures. We also audited the financial statements and evaluated the internal controls established by District management. Our audit work focused on areas with a potential risk for abuse or misuse of public resources.

RESULTS

The District complied with state laws and regulations and its own policies and procedures. We found the District's financial statements to be accurate and complete.

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Description of the District

Pacific Conservation District Pacific County January 1, 1998 through December 31, 2000

ABOUT THE DISTRICT

The Pacific Conservation District was established in 1948, and is one of 48 conservation districts in the state. Its primary activity is the conservation of land and natural resources in and around Pacific County. A Board of five supervisors, three of whom are elected and two of whom are appointed by the Washington State Conservation Commission, administers the District. The District works closely with and relies upon assistance from the Washington State Conservation Commission.

The Commission assists the District in obtaining and administering grants, with program and field staff to assist in conservation projects, and helping the District coordinate its efforts with other local, state and federal agencies.

The District had average revenues of \$400,000 for 1998, 1999 and 2000 and has three full-time employees.

ELECTED/APPOINTED OFFICIALS

These officials served during the audit period:

Board of Supervisors:

Chairman

Vice Chairman

Nick Somero

Joe Camenzind

Victor Niemczek

Doug Crawford

Tony Olsen

ADDRESS

District

1216 West Robert Bush Drive

P.O. Box 968

South Bend, WA 98586

Audit Areas Examined

Pacific Conservation District Pacific County January 1, 1998 through December 31, 2000

In keeping with general auditing practices, we do not examine every portion of the Pacific Conservation District's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Open Public Meetings Act
- Ethics/conflict of interest laws
- Grant compliance

INTERNAL CONTROL

We evaluated the following areas of the District's internal control structure:

- Cash receipting
- Cash disbursements
- Payroll
- Property, plant and equipment

FINANCIAL AREAS

In addition to the financial-related work listed in other categories, we audited the following areas:

- Cash and investments
- Revenues and expenditures
- Overall presentation of the financial statements

Audit Overview

**Pacific Conservation District
Pacific County
January 1, 1998 through December 31, 2000**

AUDIT HISTORY

We audit the Conservation District every three years. Management has been very responsive to prior audit recommendations. Audit concerns are often discussed, addressed and resolved before completion of the audit. The District's 1997 audit report contained a finding regarding a conflict of interest. In the current audit, no conditions were noted that were significant enough to report as findings.

CONCLUSIONS

In the areas examined, the District complied with state laws and regulations and its own policies and procedures. We also found the District's financial statements to be accurate and complete.

We thank the District's staff for their assistance and cooperation during the audit.

Status of Prior Audit Findings

Pacific Conservation District Pacific County January 1, 1998 through December 31, 2000

The status of findings contained in prior audit reports of the Pacific Conservation District is provided below:

Findings this audit: 0
Findings last audit: 1
Number of repeat findings: 0

- 1. A Pacific Conservation District Associate Supervisor violated state law on conflict of interest.**

Background

An associate supervisor of the Pacific Conservation District assisted the District in preparing a grant application to the Department of Natural Resources for a Jobs for the Environment grant in the amount of \$300,000 for the Salmon Habitat Restoration Partnership Project. He also assisted with the preparation of the bid package. When the grant project was let for bid, the associate supervisor was the only bidder and was awarded the bid.

Status

This finding has been adequately resolved. Subsequent to the finding, the associate supervisor resigned from his position with the District. The former associate supervisor is still working on the grant project, which is expected to be complete in 2001.

Independent Auditor's Report on Compliance with State Laws and Regulations

Pacific Conservation District Pacific County January 1, 1998 through December 31, 2000

Board of Supervisors
Pacific Conservation District
South Bend, Washington

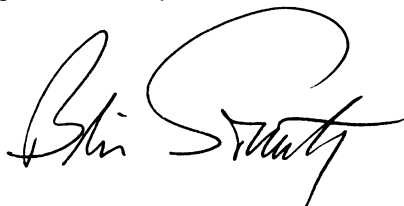
We have audited the financial statements of the Pacific Conservation District, Pacific County, Washington, as of and for the years ended December 31, 2000, 1999 and 1998, and have issued our report thereon dated October 4, 2001.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the District complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the District's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the District and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the District complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the Board of Supervisors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



BRIAN SONNTAG, CGFM
STATE AUDITOR

October 4, 2001

Independent Auditor's Report on Financial Statements

Pacific Conservation District Pacific County January 1, 1998 through December 31, 2000

Board of Supervisors
Pacific Conservation District
South Bend, Washington

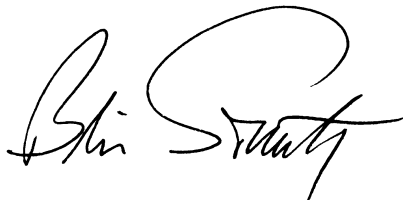
We have audited the accompanying financial statements of the Pacific Conservation District, Pacific County, Washington, for the years ended December 31, 2000, 1999 and 1998. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the District prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the Pacific Conservation District for the years ended December 31, 2000, 1999 and 1998, on the cash basis of accounting described in Note 1.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of State and Local Financial Assistance is presented for purposes of additional analysis. This schedule is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.



BRIAN SONNTAG, CGFM
STATE AUDITOR

October 4, 2001

Financial Statements

**Pacific Conservation District
Pacific County
January 1, 1998 through December 31, 2000**

FINANCIAL STATEMENTS

Resources and Uses Arising from Cash Transactions – 2000
Resources and Uses Arising from Cash Transactions – 1999
Resources and Uses Arising from Cash Transactions – 1998
Notes to Financial Statements – 2000, 1999 and 1998

ADDITIONAL INFORMATION

Schedule of State and Local Financial Assistance – 2000
Schedule of State and Local Financial Assistance – 1999
Schedule of State and Local Financial Assistance – 1998